

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 COME-00 L-03 FRB-03

OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00

INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00

CIEP-01 CEA-01 /081 W

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P R 040129Z DEC 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 8061

INFO AMEMBASSY BANGKOK

AMEMBASSY BONN

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USMISSION GENEVA

AMEMBASSY

OECD PARIS UNN

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E.O. 11652: N/A

TAGS: EPAP, ETRD, UNCTAD, IRSG, ID

SUBJECT: IRSG-UNCTAD LINK

REF : STATE 282804 AND PREVIOUS

1. DURING DISCUSSION AT EMBASSY WITH AMBASSADOR NOVEMBER 30, IRSG SECGEN BATEMAN SAID LIKELIHOOD IF IRSG PLAYING ACTIVE ROLE AT UNCTAD RUBBER CONSULTATIONS IN JANUARY HAD NOT BEEN ENHANCED DURING AMRPC ASSEMBLY IN JAKARTA. HE STATED ANRPC MEMBERS ARE VERY GUARDED ON THE QUESTION OF AN IRSG ROLE AT THE UNCTAD MEETING AND BELIEVES THEY MAY WAIT TO SEE HOW THINGS STACK UP IN GENEVA BEFORE TAKING A POSITION. IN HIS VIEW FURTHER REPRESENTATIONS BY CONSUMERS

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TO PRODUCERS PRIOR TO JANUARY MEETING MIGHT BE COUNTERPRODUCTIVE.

2. BATEMAN ALSO DOUBTS FURTHER EFFORTS TO PERSUADE UNCTAD OF NEED FOR STRONG IRSG ROLE HAVE MUCH CHANCE OF SUCCESS BEFORE MEETING BEGINS, AND THUS BELIEVES IT CRUCIAL FOR CONSUMERS TO REACH AGREEMENT AMONG THEMSELVES BEFORE JANUARY 17 GATHERING AND TO HOLD FIRM TO THEIR POSITION DURING MEETING. HE MAINTAINS THAT UNCTAD RESOLUTION 93, WHICH CALLS FOR UNCTAD CONSULATIONS WITH EXISTING COMMODITY BODIES, PROVIDES BEST BASIS ON WHICH CONSUMERS CAN ARGUE THEIR CASE FOR UNCTAD USE OF IRSG. HE SAW NO CHANCE THAT UNCTAD WOULD AGREE TO HAVE IRSG ASSIST UNCTAD SECRETARIAT IN PREPARATION OF AGENDA FOR JANUARY MEETING OR THAT HE MIGHT BE SEATED AS FRIEND OF THE MEETING CHAIRMAN.

3. BATEMAN IS HOPEFUL IRSG PAPER SETTING FORTH ITS CAPABILITIES, WHICH ANRPC REFUSED TO ACQUIESCE IN FORWARDING TO SYG COREA PRIOR TO IST JAKARTA MEETING, WILL RECEIVE SUFFICIENT SUPPORT AT DECEMBER 15 IRSG EXECUTIVE COUNCIL MEETING TO BE SENT TO COREA. BATEMAN ADDS THAT ANRPC ACHIEVEMENT IS FORTUITOUS FOR UNCTAD WHICH HAS THUS HAD MUCH SPADE WORK DONE FOR IT AND WHICH MAY BE ABLE TO USE ANRPC AGREEMENT AS A MODEL FOR OTHER COMMODITIES. IN HIS OPINION, POSSIBILITY UNCTAD MAY TRY TO USE RUBBER SCHEME AS PRECEDENT MAKES CONSUMER HARMONY AT JANUARY MEETING ALL THE MORE IMPORTANT.

4. ON PRICE STABILIZATION AGREEMENT ITSELF, BATEMAN FEELS THAT ANRPC IS FORTUNATE IN THAT PRESENT GOOD MARKET SITUATION FOR NR WILL ALLOW PLENTY OF TIME TO ESTABLISH THE REQUIRED MACHINERY. HE CREDITS MALAYSIA FOR BEING THE DRIVING FORCE BEHIND THE AGREEMENT, WHICH HE SEES AS A SIGNIFICANT ACHIEVEMENT, BUT SAYS THAT COUNTRY'S ORIGINAL PLANS FOR PRICE STABILIZATION SCHEME HAVE BEEN CONSIDERABLY WATERED DOWN. FOR EXAMPLE, MALAYSIA WANTED A 300,000 TON BUFFER STOCK BUT COULD GET AGREEMENT FOR ONLY 100,000 TONS. HE ALSO SAID FINANCING IS OF MUCH CONCERN TO THE OTHER FOUR SIGNATORIES AND THAT IF UNCTAD COMMON FUND PROVES NOT TO BE AVAILABLE, FUNDING OF SCHEME MAY PROVE DIFFICULT. ALSO, IN EVENT OF NEED FOR SUPPLY LIMITED OFFICIAL USE

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RATIONALIZATION, BATEMAN DOUBTS GOI'S ABILITY TO CONTROL PRODUCTION.

5. BATEMAN WAS NO MORE SUCCESSFUL IN OBTAINING COPY OF FINAL AGREEMENT THAN WE WERE, BUT EXPRESSED HOPE THAT HE MIGHT BE ABLE TO GET ONE IN KL, HIS NEXT STOP AFTER JAKARTA. WE WILL CONTINUE TO TRY AT THIS END.

6. COMMENT: WE AGREE THT ANRPC APPEARS NO CLOSER TO
PUSHING FOR, OR EVEN ACCEPTING, STRONG IRSG ROLE IN
UNCTAD RUBBER CONSULTATIONS THAN PREVIOUSLY. IN RESPONSE
TO QUESTION BY AMBASSADOR, GOI OFFICIAL-LEVEL DELEGATION
LEADER DR. SUDHADI SAID STUDY GROUPS SUCH AS IRSG ARE
"NOT EQUIPPED TO DEAL WITH WHAT IS A POLITICAL PROBLEM."
HOWEVER, THROUGHOUT CONFERENCE, AWARENESS WAS EXPRESSED
OF NEED FOR CONSUMER COOPERATION IN ORDER FOR NATURAL
RUBBER PRICE STABILIZATION SCHEME TO WORK. PRODUCERS
REALIZE THAT BECAUSE OF SYNTHETIC RUBBER COMPETITION THEY
ARE NOT IN A POSITION TO DICTATE TERMS TO CONSUMERS AND WE
DOUBT THEY WOULD TRY TO DO SO UNLESS CONSUMERS UNABLE TO
REACH CONSENSUS ON NEED FOR IRSG. IN SUM, THE
IRSG-UNCTAD LINK HAS NOT BEEN FURTHERED BY THE EVENTS
OF THE MEETING IN JAKARTA, AND A STRONG CONCERTED EFFORT
BY CONSUMER COUNTRIES WILL BE NEEDED TO BRING ABOUT THIS
OBJECTIVE.
NEWSOM

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